

## Mentoring is Key for a Successful Startup

Written by Faiz Askari, Editor, Small Enterprise India.com

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Establishing a business operational process, should be a basic focus of any entrepreneur in order to lay down a strong foundation of any start-up business. But it is usually not an easy task to implement. However, in such bid, intelligent entrepreneurs are always in the look-out for good mentorship. Mumbai based, ICE STARTUPS - is an organization that offers such mentorship to the start-ups. The company empowers a promoter team of the start-up organization to chalk out a plan and become capable of traversing the road map to realize the full potential of their business proposition.

**Shankar Rele, CEO of ICE STARTUPS** had a exclusive interaction with **Faiz Askari, editor of Small Enterprise India(dot)com**

and Rele emphasized on several important issues that an entrepreneur faces. He also touched upon some opportunities and how his company is helping out these entrepreneurs.

**SEI.com :You have understood the challenges and issues faced by a start up, what are your observations on it?**

**Shankar Rele:** We feel that the main challenges for any startup organization are –

- Strategy for growth including infrastructure and HR.
- Strategy for go to market (Marketing, Branding, Positioning), target markets and customers.
- Corporate structuring including management, shareholding, dilution, valuation etc
- Lastly, funding is also considered to be a tough topic for Start-ups. A substantial portion of the SME sector does not have the security required for conventional collateral-based lending. Corporate governance is almost non existent due to the nature of their business positioning and thinking. In addition, the credit markets are characterized by deficient information, limiting the effectiveness of the financial statement-based lending.

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I feel that entrepreneurs need to seriously look at mentoring to fill in the gaps right in the beginning to avoid pitfalls later.

**SEI : Arranging finance is one of the biggest challenge for any start up. As a patron in this segment, according to you, what should be the key mantra for an entrepreneur in tackling this situation?**

**SR:** Seriously there is no single mantra, but after boot strapping to the maximum extent, today we have

1. Angel networks
2. Few banks and institutions like SIDBI, NSIC who have been aggressively promoting SMEs giving funding under a guarantee scheme without collateral.
3. Another way would be through ESOPS and some equity participation in lieu of payments.
4. A new concept of crowd funding is gaining momentum.
5. Also now the SME exchange is becoming a reality and hence raising money through listing a distinct reality.

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**SEI :From the perspective of a VC support to any start up, what are the key things that are must-to-have in that start up?**

**A. Market Potential/Proof of Concept/Market** – Does the company have a clear idea of its relevant market? How big is the market and how fast is it growing? Has the company proven its concept and/or market? Who will buy this product/service and what is it worth to them? Is there a sizable revenue opportunity with these customers? Do they have existing customers or upcoming contracts?

**B. Problem to be Solved and How the Product/Service Solves it** - Does the product/service solve a problem? Is it clear how the business solves the problem? Does it fit well into the existing industry ecosystem/value chain?

**C. Competition and Competitive Advantage** – Does the company have a good understanding of their competition? How is this product/service better and different than others? How will they win? Is there something that protects their competitive advantage (e.g. patent)?

**D. Marketing and Sales Strategy** – How will they reach/sell to customers?

**E. Business Model/Financial Projections** – How does the company make money? Are the revenue and profit projections realistic? Are the financial returns being offered attractive for investors?

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**F. Management Team** - Does the management team's experience match the company's needs? Does the team have entrepreneurial experience prior to this company? How many years of sales experience does their Sales or Marketing Head have? How many years of technical experience does their CTO have (if applicable)?

**G. Environmental/Social Impact** – Is the product/services' benefit to the environment clear? How big is the impact? Does the production process harm the environment in any way? Does the product/service benefit the lives of the poor? How big is the impact? Does the company provide jobs to disadvantaged groups?

**SEI :Can you please highlight the focus and business strategy of ICEStratups?**

**SR:** ICE STARTUPS empower a promoter team to chalk out a plan and become capable of traversing the road map to realize the full potential of their business proposition. Inherent in this exercise is the identification of the strengths and playing to it. It also involves identifying the gap areas and enlisting the precise requirements for the business to progress from being an also ran to being an industry leader and a bench mark, graduate from being good to great. Through MENTORING the promoter team is encouraged to identify, quantify and qualify the strengths and gap areas. The gap areas could be in terms of any/some or all of the following:

- Upskilling of the promoter team in identified areas
  
- Upskilling of the staff in identified areas

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- Bringing in of specific talent into promoter/executive team
  
- Calibrating of business strategy
  
- Focus of market segmentation and positioning
  
- Raise capital – debt/equity/hybrid

### **SEI :What level of support do you offer and to which type of entrepreneurs?**

**SR:** ICE provides advisory and consulting services in the following areas:

1. Strategic Consultancy- for the global as well as local marketplace
2. Market Research - identifying suitable opportunities
3. SWOT and Competitive Analysis
4. Advising on Business Strategies, Vision and Mission and Preparation of the Business Plan
5. To advise ventures, both new and existing on feasibility /viability and various aspects of managing the ventures successfully
6. Structure mergers and acquisitions
7. To suggest appropriate funding pattern and arrange necessary funds through venture capital firms, private placements, financial intermediaries and banks and institutions
8. Advising on the Marketing Plan –setting up channels, distribution network.
9. Advising and assisting in Public Relations, Advertising, HR, ESOP etc.
10. Partner search - JV / tie-up with a Foreign / Indian company
11. Management of pre-IPO activity in India and on the NASDAQ
12. Advise on corporate laws, taxation and other regulatory policies – global and local
13. Advice on Internal controls and Management Information systems

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**SEI :What is the awareness level among Indian Start ups regarding the way of approaching the VC for funding support?**

**SR:** Currently in the Metros and even in Tier 1 and Tier 2 cities a lot of awareness is coming through Mentoring camps being conducted by various industrial associations and chambers of commerce as also through other groups being floated by colleges and institutions , in fact most colleges are now acting a source for guiding entrepreneurs to the right VC's and also inviting VC's to evaluate opportunities

But a lot needs to be done and as a start magazines like Small Enterprise India.com, DARE, Entrepreneur and the TV channels like CNBC TV18, NDTV etc as well as a few radio channels have already started this mission and are great ways to promote the knowledge and spread the awareness required

**SEI :Can you point out a market trend that you are witnessing and it holds a strong potential for aspiring entrepreneurs?**

**SR:** Quite a few in the areas we specialize:

1. Any India centric opportunity catering to the masses.
2. Mobile applications and services – as penetration is the highest
3. FMCG

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4. Cloud Computing

5. Healthcare – services, equipments, treatments, hospitals and diagnostic centers etc

6. Education

7. Social Enterprise

8. Sustainability – Clean Green power, energy efficiency, any technology or service to protect the environment – air water and soil.