



WHITE PAPER

## Five Key Ingredients for a Successful Startup

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We work with many physician entrepreneurs with great ideas who want them to come to fruition. These physicians are often curious as to what would make their startup successful. You could argue that many ingredients go into a successful startup, and luck is undoubtedly one of them. However, there are additional elements that are necessary for success. Here are five critical elements that are sometimes missing when beginning a startup:

### **No strategy**

Unfortunately, most startups-like many medical practices-do not have a strategy even though many claim they do. Rather, these physician entrepreneurs often have mission statements or goals. For example: “Our strategic goal is to grow 20 percent per year in revenues and profits over the next five years.” These are not strategies; these are aspirational goals or wish lists. A strategy is a coherent set of analyses, concepts, policies, arguments, and actions that respond to a significant challenge or opportunity. A strategy should be described very simply, often with an analogy or metaphor. Arriving at this succinct conclusion, however, takes many hours of work.

### **No evidence-based business model**

Sometimes a startup will have a “business plan” that describes the company and how it plans to reach target numbers in their five-year financial pro forma. Problem is, this narrative consists mostly of assumptions and judgment calls. Business models should first start with the idea (solution and opportunity). Models should then show how each critical element of the business works as part of an ecosystem to achieve repeatable, sustainable sales. Each significant assumption needs to be tested and verified so potential investors are confident of the startup’s success.

### **No compelling story**

In our experience, very few physician entrepreneurs know how to craft and tailor their story to all of their audiences. Telling your story includes infographics, presentations, and most importantly, answering questions. A standard one-size-fits-all presentation does not work. Every audience has different levels of experience, expertise, and interests. We find most of the pitches are presentations with a text-filled slide deck and a rambling list of product features. They don’t show the bigger picture or how their idea will solve a problem. A persuasive story must take people from Point A (uninformed or skeptical) to Point B (knowledgeable and committed). The

story must also be filled with benefits that relate to the specific persons addressed.

### **No fundraising plan**

Most physician entrepreneurs leave fundraising until the end of the development process. Raising funds is hard work and takes lots of time away from nurturing the business. But, you have to start early and identify when you will need additional funds, how and from whom you are going to raise these funds, and outline a process to reach your goals. It is challenging to “sell” investors on a high-risk venture. It is better to get investors involved as early as possible and let them “sell themselves” along the way.

### **No CEO**

A critical component in the company’s success can be attributed to the CEO and the leadership team. For many investors, the CEO and team’s capabilities are the first, and often most important criterion, they evaluate. Founders with a great idea are not automatically great CEO’s. It takes a person with vision, know-how, focus, and a growth mindset. The CEO must have the ability to make decisions under stress and with uncertainty, and she must know how to keep score (revenues and profits). A great CEO knows the development phases of the business and is able to adjust herself and the team to meet the challenges of each phase. A talented CEO and team determine the success of the company.

These five elements are important but are by no means the only ingredients. Just as in baking, a successful startup requires careful calculations, precise measurements, and fine tuning. With the right guidance and structured thought process, physician entrepreneurs can run their existing medical practice and also nurture that next budding idea.

## ABOUT ABISA

ABISA offers advisory services to help clients formulate strategic direction and advance healthcare business initiatives. As a trusted source for strategic healthcare initiatives, ABISA enables physicians to concentrate more of their time on patient care. For more information about our services, visit [www.abisallc.com](http://www.abisallc.com).



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