



NAVIGATING THROUGH THE DANGERS OF THE EARLY STAGE

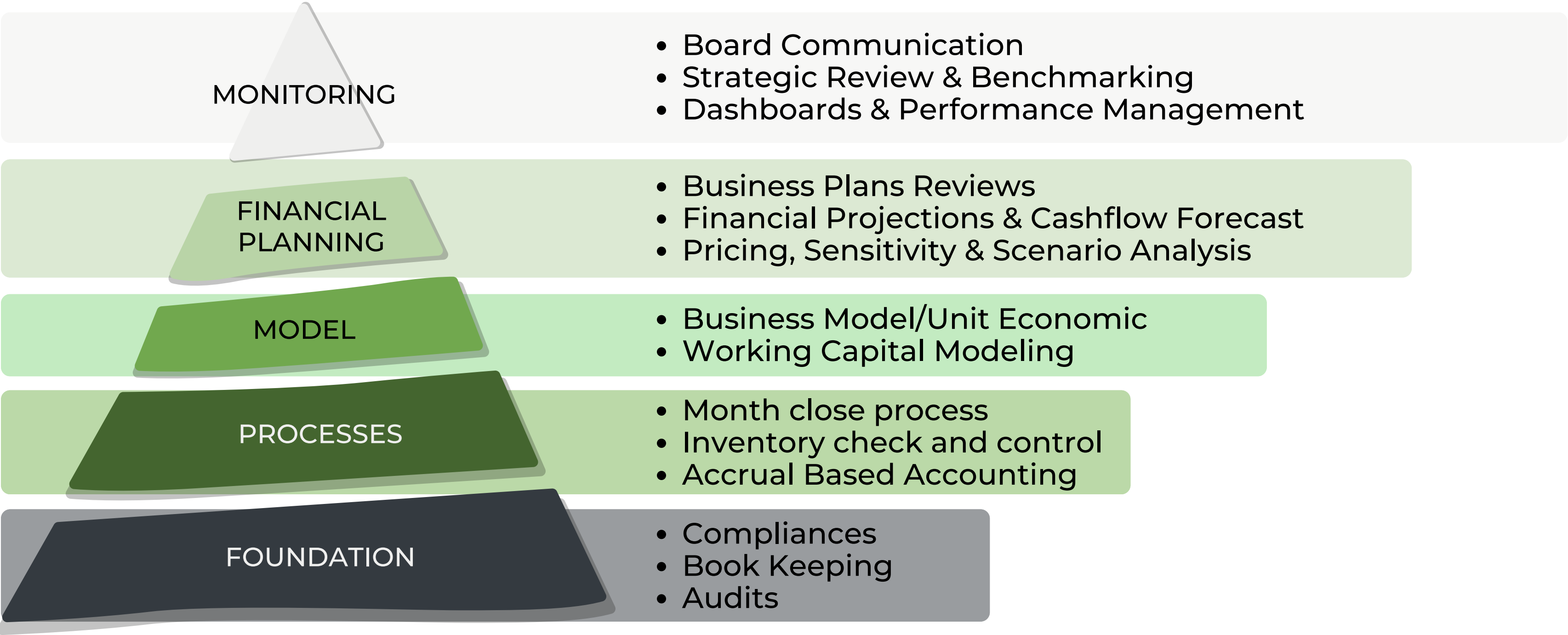




WHAT DO WE COVER TODAY?

- The Finance Pyramid
- Key problems faced by startups in the early stage
- Creating a sound business plan
- Key differences between business model, plan & strategy
- Popular business models in the agri space
- How to create a revenue plan
- How to define pricing
- Steps to growth and profitability
- Summary

THE FINANCE PYRAMID



FINANCIAL PYRAMID

KEY PROBLEMS FACED BY STARTUPS IN THE EARLY STAGE AND DEVELOPMENT STAGE



STARTUPS AT THE EARLY STAGE

- The early stage for a startup is critical because this is where the entrepreneur brings their **solution to life**.
- This is when an entrepreneur's **strategic mettle and foresight** begin to get tested here.
- Concerns at this stage include: **market need, robustness of the product**



PROBLEMS FACED BY STARTUPS AT THE EARLY STAGE

Some key issues that startups face in the early stage are:

- **Limited resources:** Hinders the ability to carry out extensive research and development, and testing of the product
- **Time constraints:** The pressure to bring product to market quickly can lead to hasty decision making and early compromises.
- **Limited market knowledge:** Without understanding the target market, it is difficult to meet the user needs

Uncertainty: Fear of getting bested by the ever evolving startup environment, it is very difficult to achieve a well earlyed product.

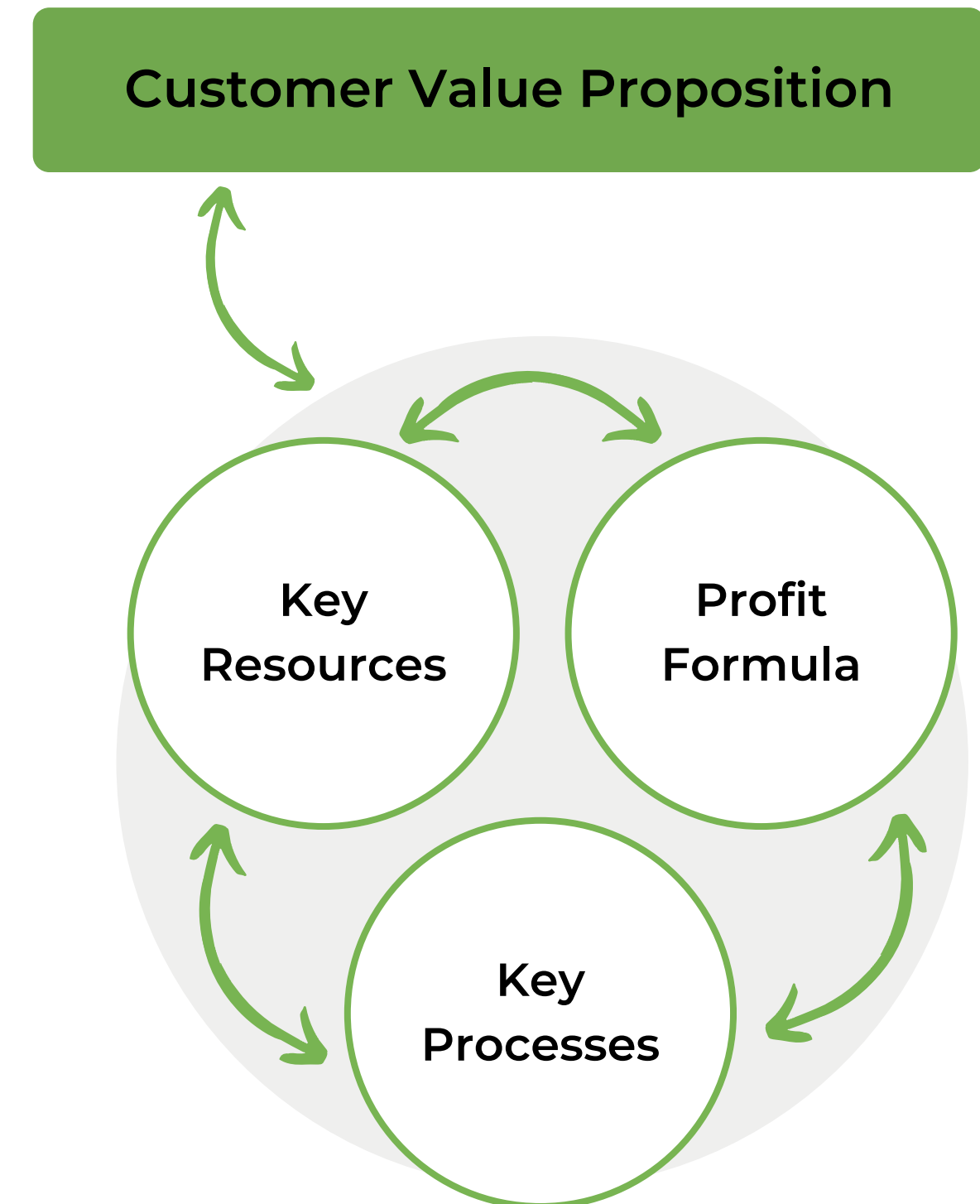
A male athlete in a dark t-shirt and shorts is captured mid-air, jumping over a hurdle. His right leg is extended forward, and his left leg is bent. His arms are outstretched, and his head is tilted back. The background is a dark, overcast sky. In the bottom left corner, there are three overlapping hexagons: a dark green one, a light green one, and a white one.

HOW TO OVERCOME HURDLES AT THE EARLY STAGE

CREATE A SOUND BUSINESS MODEL



- The business model is the engine of your company's growth. The model that you have employed dictates the success or failure of your business.
- A great model is one that clearly identifies a customer pain-point and offers a product or service that meets the particular need and alleviates the customer's pain-point.
- The business model is to be powered by a winning formula, otherwise execution falls flat.
- A winning formula is driven by the mobilization of key resources, the creation and implementation of key processes and a profit formula that ensures that value is maximized.



KEY DIFFERENCES

Business Strategy

Business Plan

Business Model

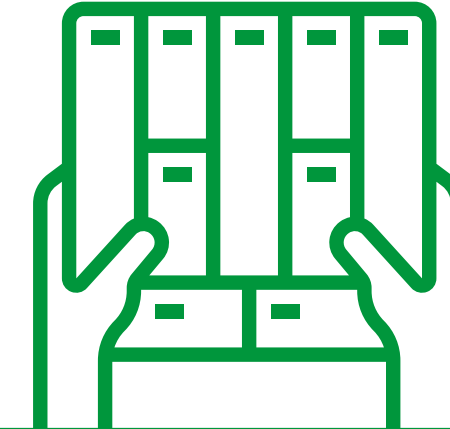
A business strategy sets out the purpose of your business, who it serves and what is the long term vision and mission. A strategy assesses and prioritizes options and then select the most advantageous. A business plan sets out how you will achieve your goals in detail, including the financial results. A business model explains how you are different from competitors and what gives you a strategic advantage.



What is your business?
What is your purpose?
Who is your customer?
Analysis of business environment
Competition and market gaps
How can you compete?



What business are you in?
What are your goals?
How will you achieve them?
What will be the financial benefit?
What investment do you need?



Who is your customer segment(s)?
What is your value offering?
How will you reach your customers?
What makes you hard to imitate?
What resources do you need?
How do you make money?

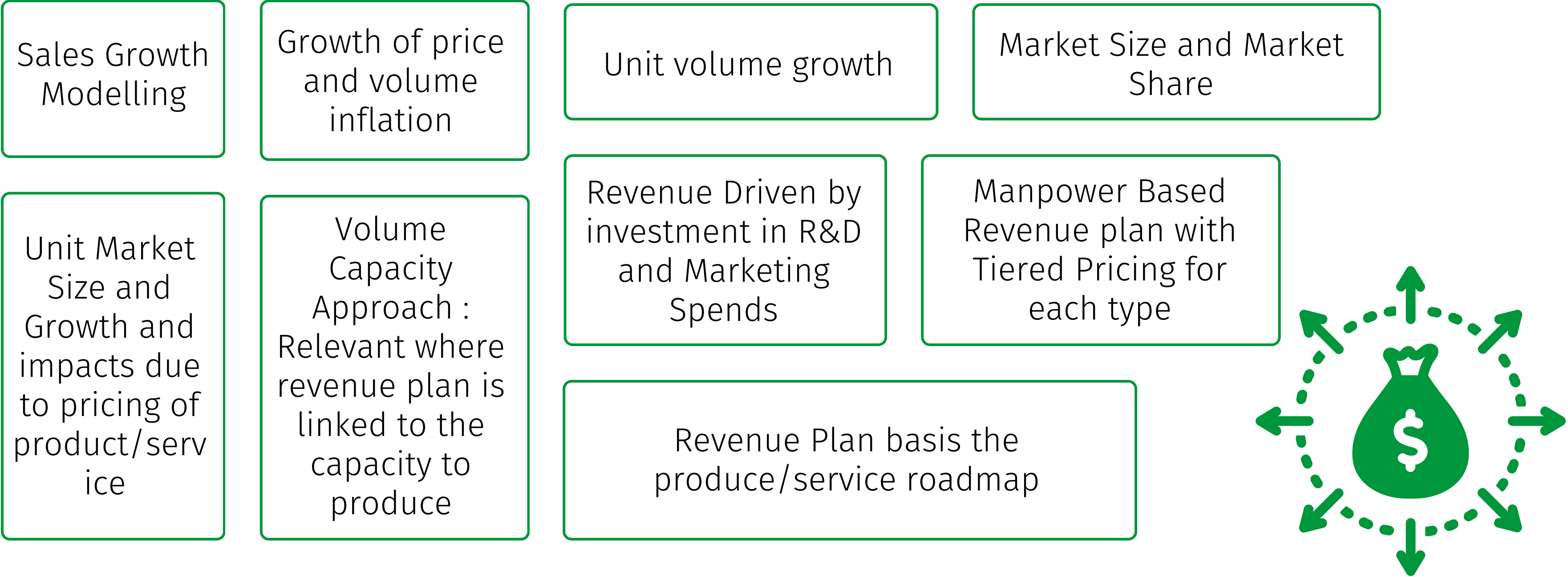
POPULAR AGRI BUSINESS MODELS AND METRICS

Project Based	SaaS	Product & Service Company	Manufacturing	Marketplace	E-commerce
- Operational Milestones - Payment Milestones - Outsourcing Cost - Manpower cost	- CAC - LTV - CLV - Unit Market Cost - Customer Conversion - ARR + MRR	- Bill of Materials - Direct Labor Cost - Contribution Margin	- Capacity - Capex - Fixed Cost - Variable Cost - Overheads	- GMV - Customer conversion - Market Fragmentation - Average order value - Net promoter score - Conversion rate - CAC - LTV	- GMV - Customer conversion - Average order value - New vs returning customers - Clickthrough rate - Logistics, Shipping

Agritech business model: Market Linkage - farm inputs, Precision agriculture, Farm management solutions, Quality management and traceability, Supply chain and output market linkage and Financial services

CREATE A REVENUE PLAN

A revenue plan will give you clarity on how your business model is making you money. Here are a few inputs any entrepreneur should keep in mind while creating a revenue plan:



GET YOUR PRICING RIGHT

- Pricing is a fundamental aspect of a successful product, and it is also the function of various interconnected business factors and the overall company strategy.
- A good pricing strategy is a function of:

Costs of production, delivery and distribution

Market structure: do customers have more power or do you?

Revenue and **profit goals**- your price should earn you a profit

Feedback from early adopters.

- Pricing has to be an **iterative process** and evolve as the product evolves and with as market conditions evolve as new competitors come in or new regulatory requirements are introduced.



WINNING WITH THE RIGHT PRICING

Price to the value what customer perceive and not the cost

Your pricing determines acquisition strategy and sales cycle

Innovative pricing is always hard. Ensure you focus on early adopters. Growth pricing is a different ball game

Understand the relation between cost, price and value

Your pricing will define your target customer

Dont press the volume button until you understand the optimal price

Keep increasing the price by 5% until you see a pushback in volume

Understand the pricing vs complexity of your product/Service

PUSH FOR PROFITABLE GROWTH





SUMMARY

- The business model is the engine of your company's growth. If the model is built on faulty research, an inconsistent premise or does not seek to solve a real problem, it will fail.
- Your business model is operationalized on the back of a strong business plan and strategy. Creating these frameworks allows you to tweak the model and achieve growth.
- Once you have figured out the plan and strategy, you must focus on pricing and modelling your sales to ensure realistic targets.
- Consistent review and action is necessary to ensure that growth and profitability is achieved whilst you scale.



Thank You.

